

April 22, 1988

Mr. Martin Ryan Haley
The Martin Haley Companies, Inc.
40 Central Park South
New York, New York 10019

Dear Martin:

This letter, when countersigned where indicated below, shall constitute the agreement by and between THE MARTIN HALEY COMPANIES, INCORPORATED ("Haley") and PHILIP MORRIS U.S.A. ("PM"), a division of Philip Morris, Incorporated, regarding the Consumer Tax Institute (the "Institute"). The terms and conditions of our agreement are as follows:

1. Services

Haley agrees to provide the following services:

1.1 Structuring, organizing and maintaining the Institute;

1.2 Working through the Institute to develop political coalitions against raising excise and consumption taxes;

1.3 Meeting with PM at least monthly at PM's offices to report on the activities of the Institute;

1.4 Conducting all research necessary to ensure Haley's and PM's compliance with federal, state and local laws or regulations governing Haley's activities hereunder or the Institute's activities;

1.5 Registering and/or filing all reports with federal, state or local government, as required by law or regulation because of its activities hereunder or the Institute's activities; forwarding copies of all such

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registration statements or reports to PM's Vice President of Corporate Affairs when they are filed; and informing PM of any registration and/or filing requirements that PM must satisfy in connection with Haley's or the Institute's activities prior to the undertaking of such activities.

2. Compensation

~~As full compensation for the services to be rendered by Haley, PM agrees to pay, upon receipt of~~ monthly invoices from Haley, and Haley agrees to accept, the following amounts:

2.1 Ninety Thousand Dollars (\$90,000) for the first quarter of 1988, which shall be from January through March, 1988;

2.2 Thirty Thousand Dollars (\$30,000) each month from April through September, 1988; and

2.3 Eight Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents (\$8,333.33) each month from October through December, 1988.

Each invoice submitted by Haley shall set forth in detail the specific tasks performed by Haley each month and the number of hours spent by designated persons in connection with this agreement.

3. Term. This agreement shall commence upon its execution and continue until December 31, 1988, except that either party may terminate this agreement with or without cause upon thirty (30) days' written notice to the other party at the addresses set forth above. In the event that PM terminates this agreement, PM shall have no further obligations to Haley after the effective date of notice of termination.

4. Confidentiality. Haley agrees to hold strictly confidential all information it may learn in performing this agreement about PM's business and marketing practices, unless such information is released with PM's written consent.

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5. Media. If at any time Haley is contacted by the media or press concerning its activities hereunder or the Institute's activities, Haley agrees to make no comment without first informing PM of such contact and discussing any response or comment with PM.

6. Registration and Reporting. Haley shall be solely responsible for registering and/or filing reports with federal, state or local government, if required by law or regulation because of its activities hereunder or the Institute's activities, and for promptly notifying PM of any registration and/or filing requirements that must be satisfied by PM in connection with Haley's or the Institute's activities.

7. Independent Contractor. Haley is and shall at all times remain an independent contractor and nothing contained herein shall create an association, partnership, joint venture or relation of principal and agent or employer and employee between PM and Haley or any of its employees or affiliates.

8. Miscellaneous

(a) This agreement may not be amended except by a duly executed writing.

(b) This agreement and all matters of issue and collateral hereto shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within the State of New York.

(c) A waiver by either party of any of the terms or conditions of this agreement, in one or more instances, shall not be deemed a general waiver of any other term.

(d) Any notice given hereunder shall be sufficient if sent by United States certified mail, return receipt requested, postage prepaid, to the addresses set forth above, if to PM, attention of Vice President of Corporate Affairs and if to Haley, attention of Martin Ryan Haley.

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If the foregoing accurately sets forth our agreement, please signify your acceptance by signing the enclosed copy of this letter and returning to the undersigned.

Very truly yours,

PHILIP MORRIS U.S.A.

By: 

Title: _____

ACCEPTED AND AGREED AS OF
THE DATE OF THIS LETTER:

THE MARTIN HALEY COMPANIES, INC.

By: 

Title: Chairman


Frank E. Resnik

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